

TRADEWINDS

California Department of Food and Agriculture
Agricultural Export Program

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- CDFA and OES join forces to fight Exotic Newcastle Disease
- AEP unveils its new website
- California to ship table grapes to Cuba
- U.S. tree nut sales rise significantly

HALAL CERTIFICATION CAN OPEN DOORS

With a market consisting of almost \$1.3 billion consumers and a total sales volume of approximately \$150 billion each year, many producers are finding that Halal certification can open doors to one of the fastest growing export markets in the world today. Almost 25 percent of the world's population is Muslim, a religion which requires the consumption of Halal food products. Other than pork and alcohol, most products are automatically considered to be Halal. Meat, however, must be specially prepared in order to meet Halal guidelines. Halal certification is simple and inexpensive. For information on how your company can become Halal certified, please contact Larry Meadows at the USDA's Meat Grading Branch at (202) 720-1246.

CANADA PERMITS DIET-RELATED HEALTH CLAIMS

On January 1, 2003, Canada will permit diet-related health claims for food for the first time. Canada's new labeling requirements will require U.S. food exporters to meet the same labeling requirements as foods produced in Canada. U.S. exporters will be granted the same transitional time to comply with the new labeling requirements as their Canadian counterparts.

NEWS

THE CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE JOINS GOVERNOR'S OFFICE OF EMERGENCY SERVICES IN THE FIGHT AGAINST EXOTIC NEWCASTLE DISEASE

On January 8, 2003, Governor Gray Davis declared a state of emergency in the fight against the recent outbreak of Exotic Newcastle Disease (END). Underscoring the threat posed by END, Governor Davis stated that the disease "has the potential to wipe out the poultry industry." He then directed the California Department of Food & Agriculture (CDFA) and the Governor's Office of Emergency Services (OES) to work together to eradicate the disease "as quickly as possible."

The Governor's emergency declaration dramatically increases the resources available in the fight against the disease. Presently over 1,074 state officials from CDFA, OMS, the California Conservation Corps, the California Department of Forestry and Fire Protection, and the U.S. Department of Food & Agriculture (USDA) are working 7 days a week to eradicate the disease. According to CDFA Secretary, Bill Lyons, "access to the additional personnel and resources is expected to greatly expedite the eradication process." OES Secretary, Dallas Jones, has vowed to "bring to bear all necessary state resources" in order to support CDFA in its mission to eradicate END.

First diagnosed in backyard poultry flocks in Southern California in October 2002, END represents a highly contagious and usually fatal disease that can affect virtually all species of birds. Although it poses no health threat to humans, END has a mortality rate of almost 100 percent among birds and can even infect vaccinated birds.

As there presently exists no cure or vaccination for END, CDFA and USDA have placed a quarantine on poultry products in Los Angeles, Riverside, San Bernardino, San Diego and Ventura counties where the presence of END has been confirmed. END is spread primarily through direct contact between healthy birds and the bodily discharges of infected birds. Therefore, a quarantine has also been imposed in neighboring Imperial, Orange and Santa Barbara counties in order to create a buffer zone.

For additional information about the disease, please call the toll-free CDFA Exotic Newcastle Disease hotline at 1-800-491-1899.

AEP UPCOMING EVENTS

California Department of Food & Agriculture
Sponsored Trade Events

PROMOCIONES 2003

(date TBD) Mexico

ANTAD

March 15-17, 2003 Guadalajara, Mexico

HOFEX

May 6-9, 2003 Hong Kong

IFIA

June 11-13, 2003 Tokyo, Japan

ANUGA

October 11-15, 2003 Cologne, Germany

For information regarding any of these upcoming events, please e-mail the California Department of Food & Agriculture, Agricultural Export Program: aepinfo.cdffa.ca.gov

ADDITIONAL TRADE EVENTS

BioFach 2003

February 13-16, 2003 Nuremberg, Germany

WUSATA sponsored activity focusing on promoting organic products within the European market. Contact Timothy Larson - tim.larsen@ag.state.co.us

Rite Asia 2003

March 5-7, 2003 Singapore

Sponsored by Singapore Exhibition Services Ltd, Rite Asia 2003 is designed to promote consumer food goods, as well as retail display, storage and technology equipment throughout Southeast Asia. Contact Chia Swee Hoon - sweehoon.chia@mail.doc.gov

Food & Hotel Korea 2003

March 18-20, 2003 Seoul, Korea

California Office of Trade and Investment - Korea will be providing Catalog Show services to California Agriculture exporters at the FHK 2003 show. Contact Hajeong Kim - Seoul@commerce.ca.gov

Grocery Showcase West 2003

March 23-24, 2003 Vancouver, Canada

WUSATA sponsored activity focusing on promoting branded and private label food products to Canada's retail sector. Contact Ted Craig - tcraig@state.wy.us



Secretary, William (Bill) J. Lyons, Jr.
Assistant Secretary of International Trade, Elaine Trevino
Director, Esther Vicente
Agricultural Export Program Staff
Joshua Eddy, Ken Brock, & Beth Jensen



TRADEWINDS

RECENT FAS/USDA REPORTS

The following reports of interest were released during the month of January. Reports are available on-line at www.fas.usda.gov

Germany: Retail Food Sector Report

Indonesia: HRI Food Service Sector Report

CALIFORNIA STRAWBERRY CROPS EXPECTED TO INCREASE

2003 is widely expected to be a productive year for California's strawberry producers, with acreage up for both conventional and organic strawberries. Statewide, total strawberry acreage is expected to increase by 5.2% to approximately 28,230 acres. This increased production should bode well for the State's producers who will be able to make up for weather-related shortages in Florida.

U.S.-CENTRAL AMERICAN TRADE PACT EXPECTED TO BOOST HORTICULTURAL EXPORTS

The proposed U.S.-Central American Trade Agreement could boost U.S. exports of apples grapes and other horticultural products to the region, but is not expected to significantly impact U.S. fruit and vegetable imports. Presently, the Bush Administration is pursuing free trade agreements with Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. These free trade agreements will most likely be completed prior to the implementation of the Free Trade Area of the Americas (FTAA) treaty—allowing for reduced complications in concluding the treaty as similar interests and goals will already be agreed upon. The FTAA agreement is scheduled to be concluded by 2005. *Source: The Packer*

JAPAN'S NEW FIVE-A-DAY?

The Ministry of Agriculture, Forestry, and Fisheries (MAFF) recently established a Council for the Promotion of a Healthy Diet, which is primarily based upon vegetable consumption. This Council will draw up recommended daily intakes for vegetables with the intent of ensuring a balanced diet. The Vegetable Division of MAFF emphasizes that, rather than focusing on the properties of specific vegetables, the Council will work to establish general guidelines pertaining to daily vegetable consumption. *Source: Japan Agrinfo Newsletter.*

NEWS

AEP UNVEILS ITS NEW WEBSITE

AEP recently unveiled its new website, which can be accessed at www.calagexport.com. AEP's new site provides quick and easy access to its exporter database of almost 900 California agricultural exporters. Additionally, AEP's new site contains valuable information pertaining to trade leads, upcoming events, news and information, as well as additional export resources.

To have your company included within AEP's new online exporter database, please e-mail your request to aepinfo@cdfa.ca.gov

CALIFORNIA TO SHIP TABLE GRAPES TO CUBA

This month, for the first time in more than 40 years, California's grape growers are expected to begin shipping a full line of seedless and seeded grapes to Cuba. Cuban officials visiting Central California last December were impressed by the quality and variety of California grapes available. Since passage of the Trade Sanctions Reform and Export Enhancements Act of 2000, exports of U.S. agricultural commodities to Cuba have grown dramatically. Last year, Cuba was estimated to have purchased almost \$165 million in U.S. food products. Ultimately, many expect Cuba to be a top 20 export market for California's fresh table grapes.

EXPORTS OF U.S. TREE NUTS CONTINUES TO RISE SIGNIFICANTLY

Despite the current worldwide economic downturn, sales of all U.S. horticultural products continued to rise last year, with tree nut sales increasing a full 9 percent to \$1.2 billion. Almost half of all sales for the top ten horticultural products were accounted for by almonds, wine and table grapes, which were valued at \$606, \$415 and \$386 billion, respectively. Other California-centric product categories experiencing sales increases were essential oils (up 13 percent); fruit and vegetable juices (up 1 percent); and fresh vegetables (up 1 percent).

Throughout 2002, Canada continued to be the largest market for exports of U.S. horticultural products, with sales increasing 7 percent to almost \$3.6 billion. Likewise, horticultural sales to Mexico rose 2 percent to almost \$1 billion. This contrasts sharply with horticultural exports to the EU, which fell 2 percent to \$2 billion, and Japan, which fell 6 percent to just \$1.5 billion.

EXPORT OPPORTUNITIES

Trade Leads offer U.S. exporters timely information on foreign buyers who are seeking U.S. food, agricultural, and forest products. A typical Trade Lead provides:

- The foreign buyer's name, address, phone, and fax.
- Specific products and quantities needed
- Packaging and labeling requirements, if any
- Type of quotation required

Interested in receiving in this service? Please Visit:

<http://www.fas.usda.gov/agexport/tleadsinfo.html>

U.S. GOVERNMENT ORDERED TO STUDY ENVIRONMENTAL IMPACT OF ALLOWING MEXICAN TRUCKS ON U.S. HIGHWAYS

Last month, a federal appeals court ordered the U.S. government to undertake a study of the potential environmental impact of allowing Mexican trucks to use U.S. highways. In response to a suit failed by environmental, labor and trucking industry groups, the 9th U.S. Circuit Court of Appeals stated that the U.S. Transportation Department, acted "capriciously" by not preparing a full statement on air-quality impact as required by federal law.

For the past 20 years, Mexican trucks had only been allowed within a 20-mile commercial zone along the U.S.-Mexican border. Once in the zone, Mexican trucks were required to transfer their cargos to U.S. trucks, which would then make the deliveries within the U.S. While U.S. and Mexican standards for diesel trucks are the same, U.S. emissions standards for diesel trucks are scheduled to become more stringent in 2004 and 2007.

RUSSIAN WINE CONSUMPTION INCREASING

Although low by Western standards, Russian wine consumption continues to increase as younger and more affluent Russian consumers have begun to switch from vodka to other alcoholic beverages. In 1998, Russia imported only 188 million liters of wine from abroad. However, by 2001, that figure had climbed by 36 percent to 256 million liters.

Presently, approximately 10 percent of Russians claim to drink wine one or more times per week. However, more than half claim to drink wine one or more times per month. Currently, approximately 85 percent of the wines consumed are imported from such former Soviet states as Moldova and Georgia. Generally considered "low-end," these wines are usually priced at about \$2.55 per bottle. Higher-priced wines are rare and usually are imported from France, Hungary, Italy and Spain.

U.S. products are generally perceived favorably by Russian consumers. Therefore, U.S. wine producers should have a significant opportunity to penetrate this key developing market. Despite the potential opportunities wine exporters nonetheless face significant challenges in exporting their product to Russia.

Tariffs remain high and imported wines are often subject to cumbersome labeling requirements and inspections. Establishing an effective distribution channel is considered crucial. Presently, there are approximately 50 wine traders who import wine into Russia. Almost all of them are headquartered in either Moscow or St. Petersburg and there are virtually no direct imports to other regions within the country.

For additional information on the Russian wine market, please contact Jeffrey Hesse at the Agricultural Trade Office at the U.S. Embassy in Moscow-ATOMoscow@fas.usda.gov



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